

**REGULAR MEETING OF THE BOARD OF DIRECTORS
KAUA'I ISLAND UTILITY COOPERATIVE**

Via Video Conference Call

April 23, 2026

MINUTES

Meeting called to order by Vice Chair TenBruggencate at 1:00 p.m.

1. Roll Call

- **Directors present:** Directors Jan TenBruggencate (Vice Chair), Edmund Acoba (Secretary), David Iha, James Mayfield (left at 2:00 p.m.), Bryson Ponce, Teofilo Tachian, Michael Yamane, Peter Yukimura (Treasurer); and David Bissell (CEO)
- **Others present:** Laurel Loo (General Counsel), Teresa Amoy (Executive Administrator), Erin Tsuda (CFO), and Brad Rockwell (COO)
- **Others present via Video Conference Call:** Beth Amaro (Member Services & Communications Mgr.), Cameron Kruse (Engineering & Technology Mgr.), Daurice Arruda (Accounting Mgr.), Scott Sato (Gov't Affairs & Energy Services Mgr.), Shelley Paik (PA Specialist), Allison Young (Comm. & PR Specialist), Corinne Cuaresma (Controller), Shelsey Francisco (Sr. Financial Analyst), and Melanie Cierras (Finance Mgr.); Members of the press (0) and Members of the public (1)
- **Absent/Excused:** Allan Smith (Chair)

2. Approval of the Agenda

- The Board of Directors' agenda of April 23, 2026, was approved as presented.

3. Approval of Minutes

- The following minutes were approved without objections.
March 24, 2026, Regular Board meeting and March 24, 2026, Annual Board Meeting

4. Director Safety Moment

The safety moment was led by Director Ponce and centered on the dangers of distracted driving, particularly the use of cell phones while operating a vehicle. Key takeaways from the director's safety moment were, do not use cell phones while driving; focus entirely on the road; understand and obey all traffic signs and local road rules; recognize that speeding provides minimal time savings but greatly increases risk; and be aware that unsafe driving can have severe lifelong consequences for all involved.

5. President's Report – David Bissell (CEO). The President's report was circulated to the board for the month of April. Brief highlights of the presentation attached:

- The CEO informed the board of the passing of Ken Macken, who oversaw NRECA's Safety program. The news came shortly after a safety conference attended by several of KIUC's employees. Macken contributed significantly to the organization's safety initiatives, including the RESAP assessment and employee meetings.
- Generation and Reliability Challenges:
 - The Kapaia unit suffered a turbine failure, requiring a replacement engine from GE, expected to be operational by early May.
 - The Port Allen D9 unit also experienced a catastrophic failure and will be down for months.
 - Despite these setbacks, the organization can meet demand due to available conventional generation (69 MW), hydro/biomass (10 MW), and batteries (47 MW), though battery dispatch will be more conservative.
 - The need for new generation is emphasized, as some units are aging and becoming obsolete.

6. Financial Report – Erin Tsuda (CFO)

The CFO provided a financial presentation for the March 2026 Financial Report. A brief recap of the attached presentation provided below:

- Sales and Revenue:
 - Megawatt-hour sales were slightly below last year (less than 1% decrease overall). Residential sales increased by 2.5%, while commercial categories saw declines.
 - Residential rates for March were 38.4 cents per kWh, rising to 43.3 cents in April due to higher fuel costs.
- Financial Ratios and Margins:
 - Times Interest Earned Ratio (TIER): 2.36 through March, above the 2.0 trigger for mandatory patronage capital retirement, but forecasted to dip slightly below 2.0 by year-end.
 - Debt Service Coverage (DSC) Ratio: 1.85, well above the 1.25 minimum requirement, but expected to be slightly below the 1.695 trigger for additional amortization by year-end.
- Expenses and Commodities:
 - Commodities costs are \$18.8 million year-to-date, higher than last year but \$2.1 million lower than budget due to lower generation volume and lower actual fuel costs.
 - Operating expenses year-to-date are \$12.2 million, about \$634,000 (5%) lower than last year and \$2.1 million (14.8%) below budget. This is due to timing differences in budgeted items (e.g., software, travel, vegetation management).
- Balance Sheet:
 - Borrowed \$15 million on the RUS E45 loan in March, increasing cash and short-term investments.

- Equity ratio through March is 37.43%; the indenture equity ratio is 42%, and the equity to capitalization ratio is 40.7% (reflecting the new debt but not yet the patronage capital retirement).
- Accounts Receivable:
 - AR balance dropped to \$9.9 million in March from \$10.8 million in February. The current portion of AR is stable at 95.5%.

7. NRECA Hawai'i Director Report – Allan Smith (Board Chair)

- March 2026 NRECA Director's report was circulated to the board prior to the meeting. Board Chair Smith was not in attendance at the meeting due to travel to an NRECA meeting on the mainland.

8. Charitable Foundation Board Report – Director Phil Tacbian.

Director Tacbian provided a recap of the attached report for April 2026. The report includes financial status, the Makana Programs report, and recent donations.

- As of March 31st, the Charitable Foundation had \$128,803 in its treasury.
- The Makana program, which supports charitable giving, continues to have strong participation with 546 participants and a current balance of \$1,000.
- The foundation approved an application for Kauai Search and Rescue, specifically supporting their dog training program. The foundation has contributed to this organization in the past and continues to support their efforts.
- Planning is underway for the annual golf tournament. Kyle Cremer is serving as chair, with Directors Acoba and Yamane as co-vice chairs. The team is working on an organizational chart to distribute duties and responsibilities for the event.
- The foundation is organizing a committee to oversee the lineman school, a new initiative for the organization. Director Iha will chair the committee, and John Cox, T&D Manager, has been asked to serve as well. The committee will establish criteria for managing and distributing scholarships to applicants. More details are expected in the next report.

9. Public Testimony. Received one (1) public testimony (attached).

10. New Business

10.1. Board Approval of the 2025 Patronage Capital Retirement

- The board considered Resolution 02-26, which authorized the 2025 patronage capital retirement.
- The retirement included two components:
 - **Mandatory Retirement:** \$1,100,600, triggered by the Times Interest Earned Ratio (TIER) exceeding 2.0, as required by policy and the Public Utilities Commission (PUC).
 - **Discretionary Retirement:** \$1,671,700, in accordance with the 2024 equity management plan, to retire capital from fiscal years 2002 and 2003 (first-in, first-out basis).

- The mandatory portion is distributed on a last-in, first-out (LIFO) basis, while the discretionary portion is distributed on a first-in, first-out (FIFO) basis.
- The average eligible member (who was a member in 2002/2003 and is still a member in 2025) will receive about \$30–\$35.
- The board confirmed that the formula for distribution is complex but well established and available to staff.

MOTION: to recommend approval of the resolution.

[Motion: Yukimura]

Board Discussion:

- Board members discussed the significance of this milestone, noting it is the first time the co-op is making a FIFO distribution.
- There was discussion about publicizing the event, including a press release to highlight the milestone and the value returned to members.
- The board also discussed the long-term goal of maintaining a 35-year rotation period for patronage capital retirement. To stay on track, the board would need to retire about \$4 million per year in the future, especially as margins increase in later years.
- The balance between returning capital to members and maintaining financial flexibility was emphasized, especially in light of rising fuel costs and the need to support future construction and equity requirements.
- A question was raised about whether patronage capital could be used to offset fuel costs directly. It was noted that this has been done once in the past (early 2000s) as a rebate, but such actions reduce margins and impact financial health. The board retains discretion over the amount and timing of retirements.

IN FAVOR:	TenBruggencate, Ponce, Yukimura Acoba, Yamane, Iha, and Tacbian	Total – 7
OPPOSED:	None	Total – 0
EXCUSED:	Smith and Mayfield	Total – 2

Motion carried

10.2. Policy 31 – Safety

- Policy 31 pertains to safety within the organization. The discussion was led by Director Ponce, who introduced a slight modification to the policy following the last committee meeting. The main change was to further emphasize the importance of safety as a core organizational value. The updated language now explicitly states that a "safety-first attitude and commitment is the guiding principle in decision-making, operational objectives, and best practices." This

addition is intended to reinforce that safety is not just a procedural requirement but an organizational attitude that should guide all actions and decisions.

MOTION: to approve the policy committee’s recommendation to adopt the modification.

[Motion: Ponce]

IN FAVOR:	TenBruggencate, Ponce, Yukimura Acoba, Yamane, Iha, Tacbian	Total – 7
OPPOSED:	None	Total – 0
EXCUSED:	Mayfield and Smith	Total – 2

Motion carried

10.3. Board Approval of the Revolving Loan Fund Plan Loan Policies and Procedures Manual Exhibit I.

Director Tacbian introduced the agenda item noting that the Loan Review Committee is asking for the reappointment of the committee making it official, with the addition of a new member, James Mayfield.

- The committee consists of 9 members: 3 from the board and 6 from the community. The committee's role is to review and help carry forward the loan review process as outlined in the manual.

MOTION: to approve the reappointment of the committee with the updated membership list.

[Motion: Tacbian]

Discussion: Community members represent a range of backgrounds, including finance (former bank managers), government (Director of the Office of Economic Development), nonprofit sector (United Way and Hawaii Community Foundation), and the community at large. The board members on the committee are James Mayfield, Phil Tacbian, and Peter Yukimura.

IN FAVOR:	TenBruggencate, Ponce, Yukimura Acoba, Yamane, Iha, and Tacbian	Total – 7
OPPOSED:	None	Total – 0
EXCUSED:	Mayfield and Smith	Total – 2

Motion carried

11. Calendar

- **May 12, 2026** – Board Committee Meetings (9:00 am, MCR/Zoom)
- **May 25, 2026** – HOLIDAY – Memorial Day (KIUC Offices Closed)
- **May 28, 2026** – Regular Board Meeting (1:00 pm, MCR/Zoom)

12. Executive Session

12.1. Active Litigation Update

13. Adjournment

The meeting was adjourned at 4:07 p.m.

Edmund D. Acoba

Edmund D. Acoba (May 29, 2026 04:48:02 GMT+1)

Edmund Acoba
Board Secretary

President's Report

April 23, 2026

David Bissell

President & CEO



President's Report

Safety (March)	Month	2026 YTD	2025 YTD
Recordable Incidents	0	0	4
Availability and Reliability	Month	2026 YTD	2025 YTD
Reportable Outages	1	9	24
Average Outage Hours Per Customer	0.33	0.97	2.94
Efficiency	Month	2026 YTD	
Net Plant Heat Rate	9,177	9,082	
Peak Demand (MW)	76.61		
Residential Rates			
April 2026	\$0.433/kwh increase \$0.049 from March		

Update Items

- Wildfire Mitigation Plan – awaiting PUC Decision and Order
 - Potential cost recovery approach for wildfire costs under development for future filing with PUC
 - Contractor work has shifted to pole attachment repairs (identified during pole inspections) vs. pole replacements
- New PPA's
 - Mana – PUC has lifted suspension of docket, D&O requested by month end
- Legislative Session – ongoing
- Kona low storm on April 9-10
 - April 9-10 storm impacted operations with multiple outages (peak 4,500 out)

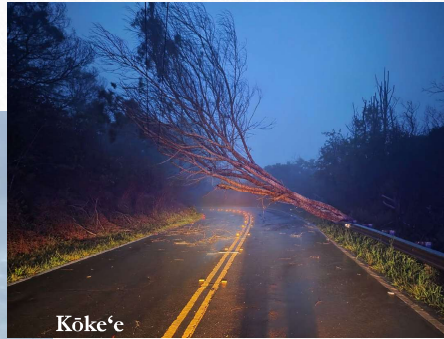
Kona Low April 9-10



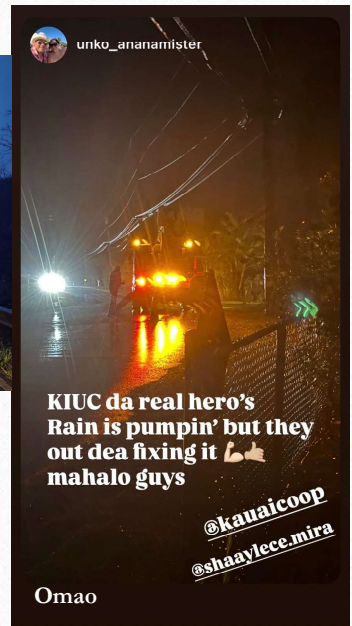
Princeville



Kuamo'o Rd.



Koke'e



uniko_ananamister

KIUC da real hero's
Rain is pumpin' but they
out dea fixing it 🙌🙌
mahalo guys

[@kuaicoop](#)
[@shaaylece.mira](#)

Omao

Update Items

- HCP
 - NTBG Agreement - complete
 - State land use agreements - KIUC nonexclusive land easement tentatively scheduled on June 12th BLNR meeting
- Federal Grants
 - Speed to Power through Accelerated Reconductoring and other Key Advanced Transmission Technology Upgrades (SPARK) grant application submitted
 - West Side reconductoring project - \$30 million project cost, 25% cost share

Power Production Availability

- Kapaia Power Station (27.5 MW)
 - Turbine issue – blade failure
 - Timeframe- likely several weeks
- Port Allen
 - D9 (7.2 MW)
 - Catastrophic failure – indefinitely out of service
- Adequacy of Supply
 - Conventional generation available – 69 MW
 - Hydro and biomass – approximately 10 MW
 - BESS – 47 MW (Can be charged from grid if necessary)
 - Recent peak demand around 80 MW
- Financial Impact
 - Running less efficient units on more expensive diesel will increase energy cost

Update Items

- KIUC gave briefing to Hawaii House Committee on Energy and Environment Protection
 - Highlighted progress towards 100% renewable
 - Reliability through innovation (BESS, Synchronous Condensers)
 - Increased rate stability



Kaua'i Island Utility Cooperative

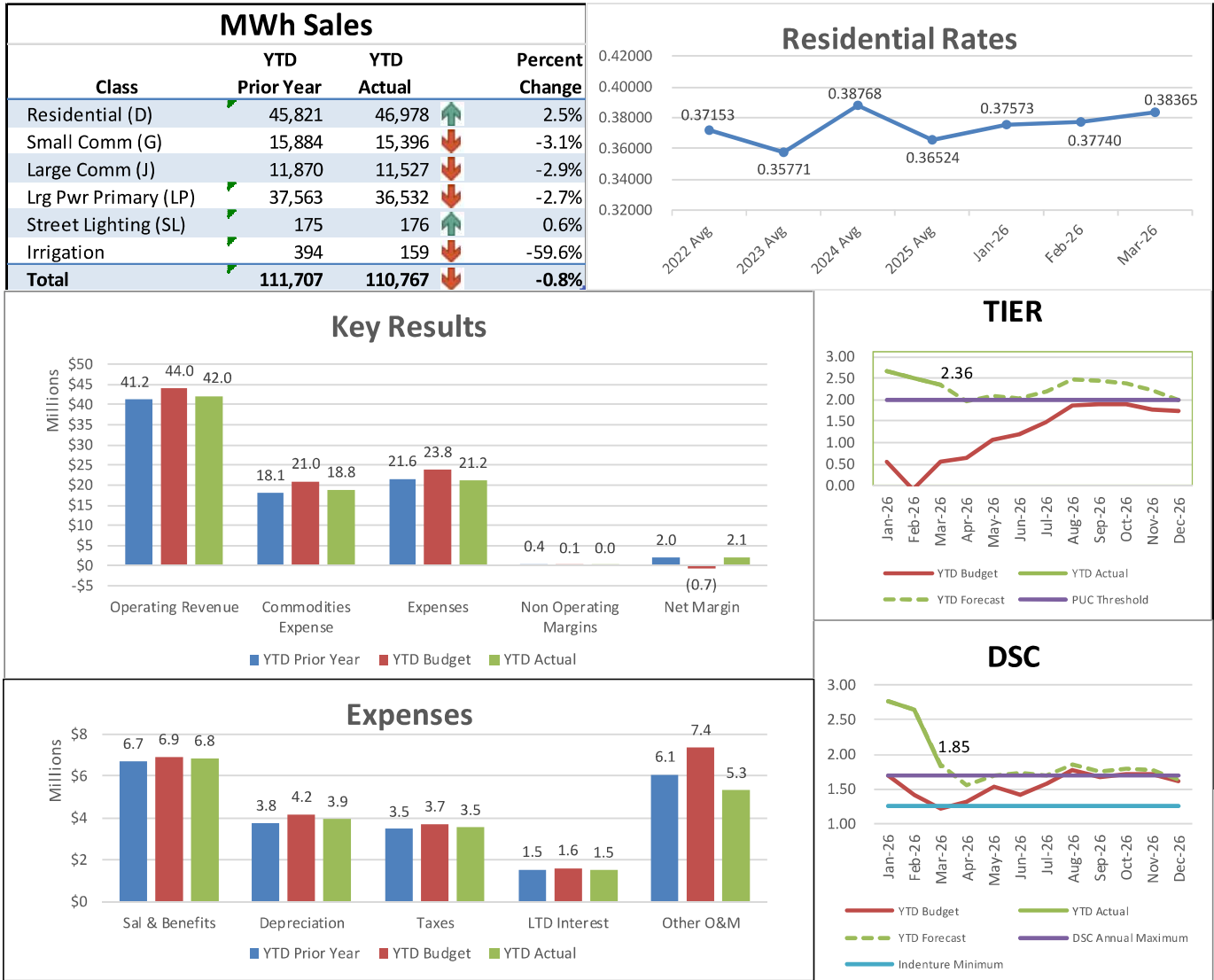
Your Touchstone Energy® Cooperative



Board Financial Report

April 2026

Financial Scorecard – YTD March 2026



Financial Highlights

Income Statement (YTD)

MWh Sales

110,767

- 0.8% lower than PY
- 1.6% lower than Budget

Residential Rate

\$0.38365/kWh

- 1.7% or \$0.00625/kWh higher than February 2026
- 1.7% or \$0.00648/kWh lower than PY
- 1.2% or \$0.00442/kWh higher than Budget

Revenues

\$42.2M

- 2.1% or \$859K higher than PY
- 4.4% or \$1.9M lower than Budget

Financial Highlights

Income Statement (YTD)

Commodities

\$18.8M

- **4.4% or \$795K higher than PY**
- \$935K increase in Purchase Power due to full offset of Mahipapa in Jan-Feb 2025 offset by \$140K decrease in Fuel due to lower sales volume and lower average cost
- **10.1% or \$2.1M lower than Budget**
- Variance due to lower generation volume coupled with lower average cost

Operating Expenses

\$12.2M

- 5.0% or \$634K lower than PY
- \$228K credit received in February 2026
- **14.8% or \$2.1M lower than Budget**
- Largely due to timing of expenses – spread evenly for Budget purposes

Net Margin

\$2.1M

- 1.7% or \$35K higher than PY
 - \$56K higher Gross Margin (Revenues – Commodities)
 - \$634K lower O&M
 - (\$192K) higher Depreciation
 - (\$76K) higher Taxes
 - (\$187K) lower Interest & Dividend Income
 - (\$269K) higher Loss from KRS1/2
 - \$34K lower LTD Interest Expense
 - \$39K higher Other Income
- 394.8% or \$2.7M higher than Budget
 - \$178K higher Gross Margin
 - \$2.1M lower O&M
 - \$229K lower Depreciation
 - \$168K lower Taxes
 - (\$111K) higher Loss from KRS1/2
 - \$110K lower LTD Interest Expense

Financial Highlights

Income Statement (YTD)

TIER

2.36

- $(\text{Net Margins} + \text{LTD Interest}) / \text{LTD Interest}$
- Measures ability to meet debt obligations based on current income

DSC

1.85

- Adjusted Margins / Total Debt Service
 - Adjusted Margins = Net Margins – Income(Loss) from Subsidiaries + LTD Interest + Depreciation & Amortization Expense
 - Total Debt Service = LTD Principal + LTD Interest
- Measures cash flow available to pay current obligations

Financial Highlights

Income Statement (Month)

MWh Sales
38,232

- 1.5% lower than PY
- 2.3% lower than Budget

Revenues
\$14.6M

- 1.5% or \$588K lower than PY
- 4.2% or \$634K lower than Budget
- Lower sales volume combined with lower rates resulting from lower Commodities

Commodities
\$6.6M

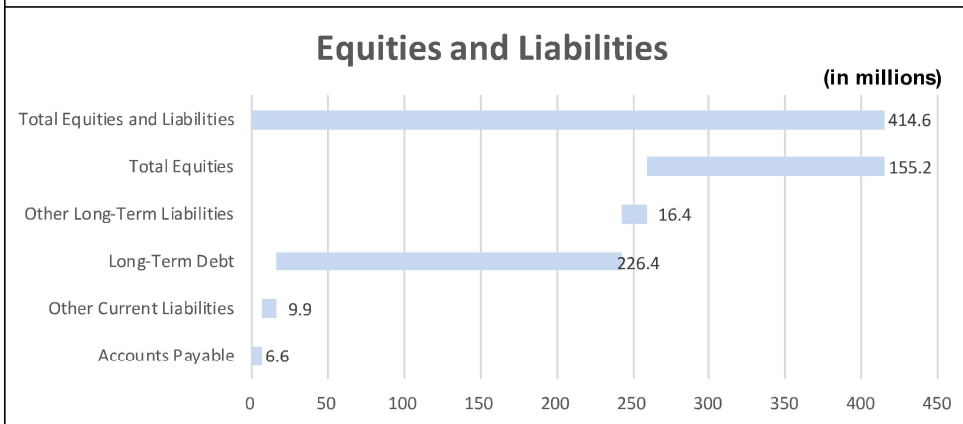
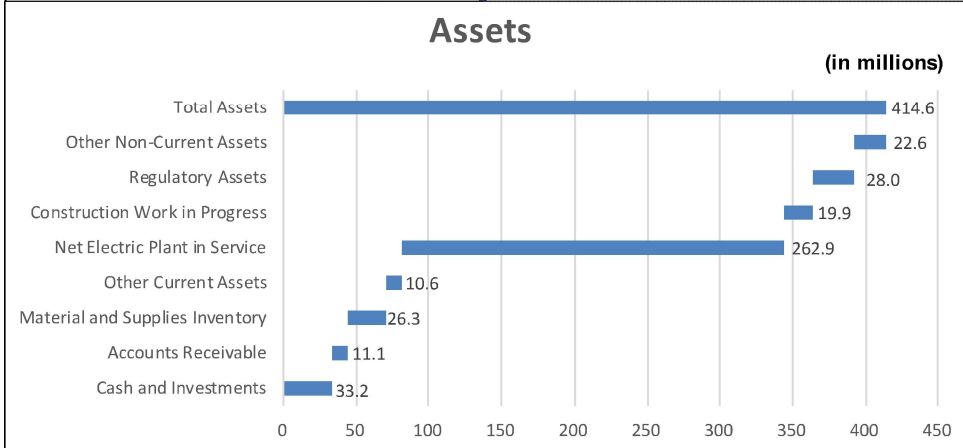
- 0.9% or \$59K higher than PY
- 3.4% or \$236K lower than Budget

Operating Expenses
\$4.4M

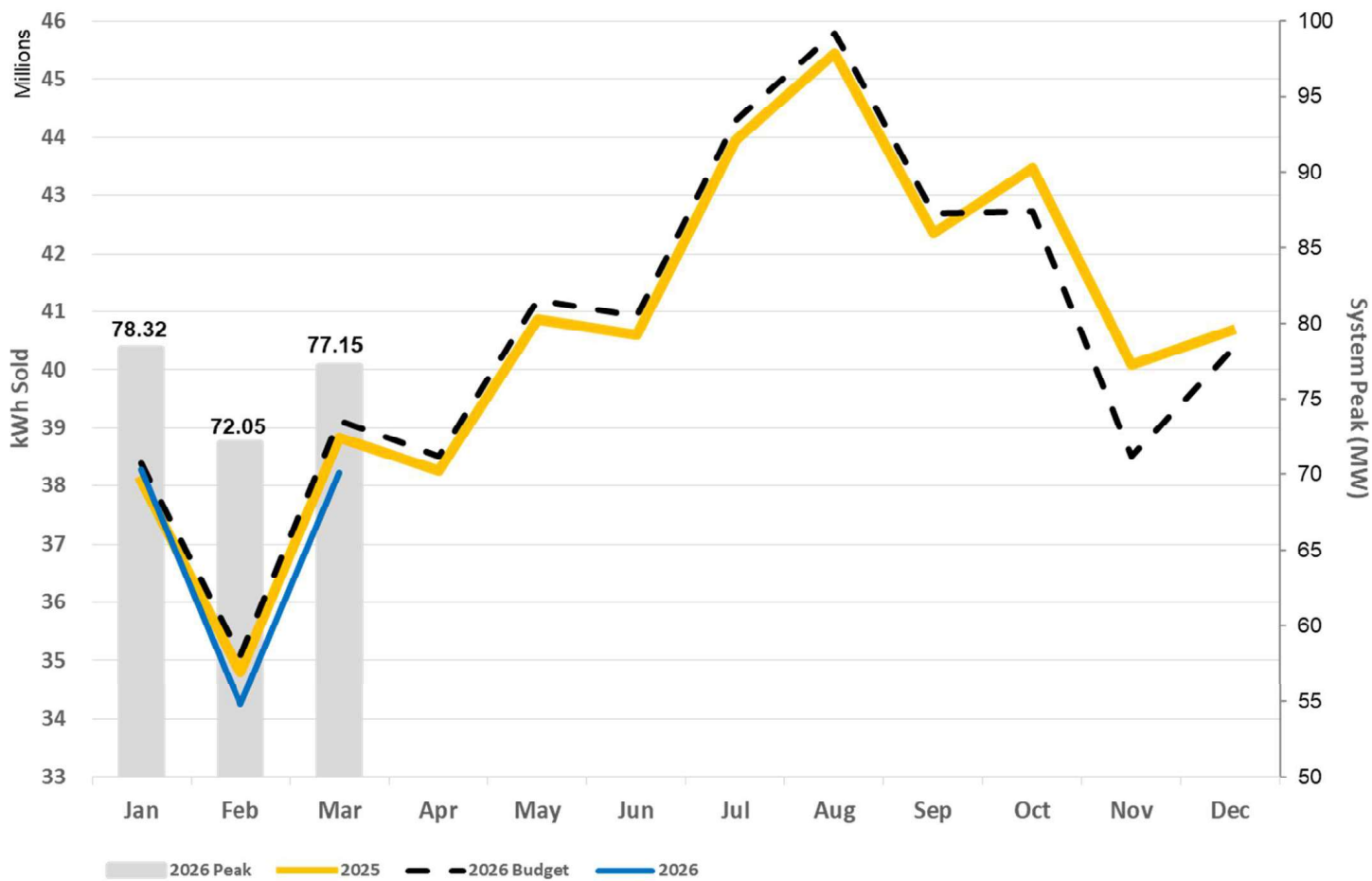
- 8.1% or \$385K lower than PY
- 2.3% or \$104K lower than Budget
- Largely due to timing of expenses – spread evenly for Budget purposes

Financial Scorecard – YTD March 2026

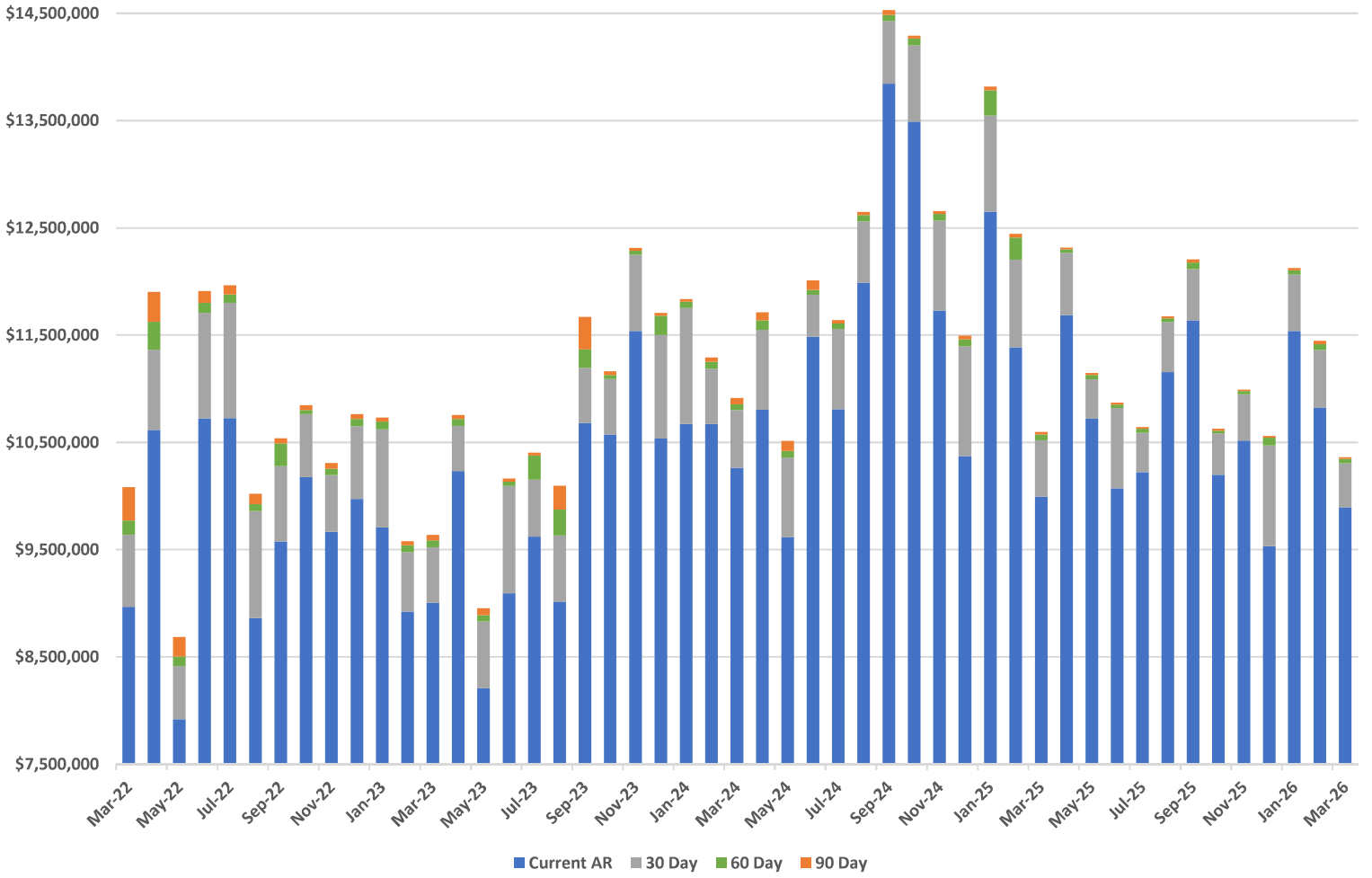
(In Millions)	YTD Actual	Equity Ratio		Indenture Equity Ratio
Cash	\$ 0.54		<ul style="list-style-type: none"> Liabilities as a % of Assets Equity as a % of Assets 	<p>0.42</p> <p>Minimum = 0.20</p>
Short-Term Investments	\$ 32.67			
Cushion of Credit	\$ -			
Total Cash & Investments	\$ 33.21			
Line of Credit Available	\$ 40.00			
Line of Credit Drawn	\$ 0.00			



Total kWh Sold



Total AR Balances



Questions?

Financial And Operating Report Electric Distribution
BALANCE SHEET FOR MAR 2026

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	607,474,754.78	600,361,810.54	-7,112,944.24
2. Construction Work in Progress	10,619,918.60	19,903,080.37	9,283,161.77
3. Total Utility Plant (1 + 2)	618,094,673.38	620,264,890.91	2,170,217.53
4. Accum. Provision for Depreciation and Amort.	340,248,730.47	337,421,831.36	-2,826,899.11
5. Net Utility Plant (3 - 4)	277,845,942.91	282,843,059.55	4,997,116.64
6. Non-Utility Property (Net)	0.00	0.00	0.00
7. Invest. in Subsidiary Companies	20,210,450.51	18,631,731.83	-1,578,718.68
8. Invest. in Assoc. Org - Patronage Capital	1,318,852.16	1,362,686.04	43,833.88
9. Invest. in Assoc. Org - Other - General Funds	666,500.00	676,500.00	10,000.00
10. Invest. in Assoc. Org - Other - Nongeneral Funds	0.00	0.00	0.00
11. Invest. in Economic Development Projects	2,078,347.19	1,838,708.99	-239,638.20
12. Other Investments	0.00	0.00	0.00
13. Special Funds	0.00	0.00	0.00
14. Total Other Property & Investments (6 thru 13)	24,274,149.86	22,509,626.86	-1,764,523.00
15. Cash - General Funds	159,477.70	542,579.37	383,101.67
16. Cash - Construction Funds - Trustee	0.00	0.00	0.00
17. Special Deposits	-29,699.62	-39,656.12	-9,956.50
18. Temporary Investments	37,473,000.45	32,670,581.53	-4,802,418.92
19. Notes Receivable (Net)	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)	10,254,527.08	10,206,994.39	-47,532.69
21. Accounts Receivable - Other (Net)	481,866.45	882,204.46	400,338.01
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	22,560,893.21	26,261,152.96	3,700,259.75
24. Prepayments	1,940,377.17	1,886,045.81	-54,331.36
25. Other Current and Accrued Assets	9,679,255.97	8,759,944.90	-919,311.07
26. Total Current and Accrued Assets (15 thru 25)	82,519,698.41	81,169,847.30	-1,349,851.11
27. Regulatory Assets	31,383,586.88	27,997,183.68	-3,386,403.20
28. Other Deferred Debits	70,546.97	72,005.69	1,458.72
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	416,093,925.03	414,591,723.08	-1,502,201.95

Financial And Operating Report Electric Distribution
BALANCE SHEET FOR MAR 2026

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
LIABILITIES AND OTHER CREDITS			
30. Memberships	626.56	640.44	13.88
31. Patronage Capital	145,512,635.16	151,684,960.45	6,172,325.29
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	2,018,016.01	2,052,553.94	34,537.93
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	1,088,122.81	1,450,770.86	362,648.05
36. Total Margins & Equities (30 thru 35)	<u>148,619,400.54</u>	<u>155,188,925.69</u>	<u>6,569,525.15</u>
37. Long-Term Debt - RUS (Net)	0.00	15,000,000.00	15,000,000.00
38. Long-Term Debt - FFB - RUS Guaranteed	112,355,104.85	108,384,637.71	-3,970,467.14
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	110,107,316.37	103,064,991.79	-7,042,324.58
41. Long-Term Debt - RUS Econ. Devel. (Net)	0.00	0.00	0.00
42. Payments - Unapplied	0.00	0.00	0.00
43. Total Long-Term Debt (37 thru 41 - 42)	<u>222,462,421.22</u>	<u>226,449,629.50</u>	<u>3,987,208.28</u>
44. Obligations Under Capital Leases - Noncurrent	12,398,292.22	3,947,125.47	-8,451,166.75
45. Accumulated Operating Provisions	-869,459.29	-1,144,749.16	-275,289.87
46. Total Other Noncurrent Liabilities (44 + 45)	<u>11,528,832.93</u>	<u>2,802,376.31</u>	<u>-8,726,456.62</u>
47. Notes Payable	0.00	0.00	0.00
48. Accounts Payable	7,113,160.90	6,613,011.51	-500,149.39
49. Consumers Deposits	1,582,921.27	1,576,811.62	-6,109.65
50. Current Maturities Long-Term Debt	0.00	0.00	0.00
51. Current Maturities Long-Term Debt - Econ. Devel.	0.00	0.00	0.00
52. Current Maturities Capital Leases	0.00	0.00	0.00
53. Other Current and Accrued Liabilities	11,976,375.90	8,357,387.74	-3,618,988.16
54. Total Current & Accrued Liabilities (47 thru 53)	<u>20,672,458.07</u>	<u>16,547,210.87</u>	<u>-4,125,247.20</u>
55. Regulatory Liabilities	0.00	0.00	0.00
56. Other Deferred Credits	12,810,812.27	13,603,580.71	792,768.44
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	<u>416,093,925.03</u>	<u>414,591,723.08</u>	<u>-1,502,201.95</u>

Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR MAR 2026

Item	Year - To - Date			Period - To - Date	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	41,196,435.42	42,049,034.61	43,986,111.00	14,602,833.72	15,236,588.00
2. Power Production Expense	13,887,982.56	13,610,765.00	14,765,051.00	4,840,423.10	4,808,830.00
3. Cost of Purchased Power	7,776,816.00	8,712,636.52	10,296,650.00	3,008,306.85	3,448,651.00
4. Transmission Expense	385,065.89	415,883.88	469,151.00	227,888.19	152,346.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	401,922.27	304,633.23	428,544.00	105,218.43	144,321.00
7. Distribution Expense - Maintenance	1,434,655.32	1,471,995.49	1,592,783.00	647,932.21	537,285.00
8. Customer Accounts Expense	613,512.29	596,565.39	669,133.00	209,091.03	222,348.00
9. Customer Service and Informational Expense	75,518.22	46,701.75	114,791.00	15,808.83	63,147.00
10. Sales Expense	0.00	0.00	0.00	0.00	0.00
11. Administrative and General Expense	6,277,989.14	5,856,059.74	6,915,325.00	1,975,625.29	2,273,686.00
12. Total Operation & Maintenance Expense (2 thru 11)	30,853,461.69	31,015,241.00	35,251,428.00	11,030,293.93	11,650,614.00
13. Depreciation & Amortization Expense	3,752,499.23	3,944,371.07	4,173,373.00	1,323,202.78	1,391,124.00
14. Tax Expense - Property & Gross Receipts	1,028,754.04	1,050,104.74	1,099,653.00	364,704.58	380,915.00
15. Tax Expense - Other	2,434,250.79	2,488,651.75	2,607,183.00	861,296.71	900,873.00
16. Interest on Long-Term Debt	1,543,198.71	1,509,587.93	1,620,000.00	529,929.13	594,000.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	0.00	0.00	0.00	0.00	0.00
19. Other Deductions	39,613.00	43,505.17	52,000.00	5,694.17	9,000.00
20. Total Cost of Electric Service (12 thru 19)	39,651,777.46	40,051,461.66	44,803,637.00	14,115,121.30	14,926,526.00
21. Patronage Capital & Operating Margins (1 minus 20)	1,544,657.96	1,997,572.95	-817,526.00	487,712.42	310,062.00
22. Non Operating Margins - Interest	577,405.65	390,450.34	375,954.00	141,518.96	125,984.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	-141,501.20	-410,949.49	-299,973.00	-72,488.03	-26,368.00
25. Non Operating Margins - Other	33,331.31	75,480.14	45,330.00	11,228.66	15,110.00
26. Generation and Transmission Capital Credits	0.00	0.00	0.00	0.00	0.00
27. Other Capital Credits and Patronage Dividends	4,122.29	0.00	0.00	0.00	0.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	2,018,016.01	2,052,553.94	-696,215.00	567,972.01	424,788.00

KAUAI ISLAND UTILITY COOPERATIVE
NOTES, BONDS, AND OTHER INDEBTEDNESS
YEARS ENDED DECEMBER 31, 2025 AND 2026

LINE NO.	LENDER	DATE OF NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	LOAN #	ORIGINAL AMOUNT	BALANCE AT 12/31/2025	2025	PROJECTED	PROJECTED
									INTEREST EXPENSE	BALANCE AT 12/31/2026	2026 INTEREST EXPENSE
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
1	CFC	04/30/19	04/30/19	03/31/35	2.550%	HI001-9014-001	103,133,717	61,253,997	1,642,378	55,307,123	1,493,843
2	CFC	02/06/20	02/25/20	12/31/49	2.760%	HI001-9019B	26,500,000	22,915,032	643,964	22,231,602	625,422
3							<u>129,633,717</u>	<u>84,169,029</u>	<u>2,286,342</u>	<u>77,538,725</u>	<u>2,119,265</u>
4	FFB	07/01/11	06/07/12	12/31/42	2.424%	C8#1 - 2-1	8,716,000	5,723,754	142,856	5,445,220	136,200
5	FFB	07/01/11	10/23/12	12/31/42	2.604%	C8#1 - 2-2	1,606,000	1,064,340	28,523	1,013,334	27,215
6	FFB	07/01/01	06/24/13	12/31/42	3.259%	C8#1 - 2-3	9,100,000	6,230,523	208,609	5,948,301	199,589
7	FFB	07/01/11	11/25/13	12/31/42	2.662%	C8#1 - 2-4	2,689,000	1,765,983	48,373	1,681,770	46,166
8	FFB	07/01/11	03/18/14	12/31/42	3.334%	C8#1 - 2-6	5,198,000	3,629,875	124,308	3,466,521	118,969
9	FFB	07/01/11	08/07/14	12/31/42	3.023%	C8#1 - 2-7	5,731,000	3,986,605	123,889	3,802,301	118,417
10	FFB	07/01/11	05/08/15	12/31/42	2.665%	C8#1 - 2-8	4,213,000	2,938,279	80,574	2,798,200	76,899
11	FFB	07/01/11	09/18/15	12/31/42	2.715%	C8#1 - 2-9	748,000	526,499	14,707	501,506	14,039
12	FFB	01/15/15	10/29/15	12/31/42	2.558%	C8#2 - 3-1	6,000,000	4,219,371	111,090	4,016,373	105,975
13	FFB	01/15/15	01/12/16	12/31/42	2.636%	C8#2 - 3-2	35,586,552	25,270,386	685,478	24,062,666	654,136
14							<u>79,587,552</u>	<u>55,355,614</u>	<u>1,568,406</u>	<u>52,736,192</u>	<u>1,497,605</u>
15	FFB	12/01/17	04/24/18	12/31/51	3.199%	D8 - 4-1	22,192,000	19,414,663	630,649	18,918,551	615,078
16	FFB	12/01/17	10/22/18	12/31/51	3.437%	D8 - 4-2	5,707,000	5,018,642	175,055	4,894,644	170,880
17	FFB	12/01/17	06/06/19	12/31/51	2.578%	D8 - 4-3	4,776,000	4,119,193	107,990	4,004,420	105,076
18	FFB	12/01/17	06/22/20	12/31/51	1.326%	D8 - 4-4	3,992,000	3,400,023	45,999	3,287,907	44,523
19	FFB	12/01/17	10/08/21	12/31/51	2.087%	D8 - 4-5	7,889,000	7,083,684	150,525	6,872,630	146,174
20	FFB	12/01/17	05/19/22	12/31/51	3.236%	D8 - 4-6	3,450,000	3,185,988	104,679	3,104,999	102,108
21	FFB	12/01/17	08/29/22	12/31/51	3.422%	D8 - 4-7	12,706,000	11,819,612	410,493	11,526,958	400,682
22							<u>60,712,000</u>	<u>54,041,806</u>	<u>1,625,389</u>	<u>52,610,109</u>	<u>1,584,521</u>
23	COBANK	02/06/20	02/22/21	02/20/51	2.900%	00102606 T01	18,119,000	16,162,624	481,660	15,722,117	468,988
24	COBANK	02/06/20	02/10/22	02/10/52	3.330%	3455702 T01-DS	4,900,000	4,513,277	154,206	4,403,936	150,602
25							<u>23,019,000</u>	<u>20,675,901</u>	<u>635,866</u>	<u>20,126,053</u>	<u>619,590</u>
26	TREASURY	09/13/24	03/11/26	09/13/55	4.778%	E45 2-3	8,009,194	-	-	7,966,569	309,029
27	TREASURY	09/13/24	03/11/26	09/13/55	4.778%	E45 2-4	6,990,806	-	-	6,953,601	269,735
28							<u>15,000,000</u>	<u>-</u>	<u>-</u>	<u>14,920,169</u>	<u>578,764</u>
29	Total Long Term Debt						\$ 307,952,269	\$ 214,242,350	\$ 6,116,003	\$ 217,931,248	\$ 6,399,745

Treasury Management – Monthly Discussion

- Ratings:
 - No changes in Money Market Fund Rating - **AAA**
- Current Summary Of Investments:
- **\$22.6M** Dreyfus Funds – AAA Rating Money Market Fund very ST
 - Government MM Fund – Treasury Only
 - Stable Value type of money market (heavily regulated and makes it difficult to break the dollar)
 - **3.30%** Interest Rate
- **\$4.9M** CFC Daily and Monthly Commercial Paper – ST to Medium Term Investment – Daily to Monthly A2 Moody and S&P A-
 - Daily Fund – **3.00%**
- **\$4.9M** CoBank Commercial Paper Investment – AA- Moody and S&P
 - 60-day Investment – **2.60%**
- **\$276,259** Central Pacific Bank – Backup Checking in NISC if needed
 - Backup for Checking in Money Market (unlimited) account
 - **2.28%**

◆ PowerXchange and TechAdvantage

- A record number of attendees showed up in Nashville this month for NRECA's PowerXchange and TechAdvantage conference.
 - More than 11,000 electric cooperative leaders and exhibitors were on hand.
- [During the opening session](#), NRECA CEO Jim Matheson said the cooperative model is more important than ever as co-ops work to meet skyrocketing demand, adapt to new technology and build more resilient systems.
 - He also praised co-op leadership and employees who work tirelessly to serve their members.
- Matheson [dropped by RFD-TV's Nashville studio](#) to discuss PowerXchange and the North American Electric Reliability Corporation's latest [Long-Term Reliability Assessment](#).
 - Matheson also spoke about data center growth and what it means for rural areas and the electric cooperatives that serve them.

◆ Legislative Conference Update

- A schedule change in Congress means that both the House and the Senate will be in session during NRECA's 2026 Legislative Conference, April 26-29 in Washington, D.C.
 - This year's Legislative Conference will provide the best opportunity all year for co-op leaders to engage directly with policymakers and advocate for priorities that benefit co-ops and local communities.
- [Registration is still open, and the hotel deadline has been extended to April 3.](#)
- Nearly 1,500 co-op leaders have already registered to make their voices heard on the Hill.

◆ Reliability Media Tour

- NRECA CEO Jim Matheson highlighted the issue of electric grid reliability and how electric cooperatives are meeting growing demand during a series of media appearances.
 - NRECA was the exclusive sponsor of a [Punchbowl News event](#), which featured Matheson and House Energy and Commerce Committee Chairman Brett Guthrie, R-Ky.
 - [During his conversation](#) with Punchbowl News founder Jake Sherman, Guthrie said Congress must pass permitting reform to give electric co-ops the certainty they need to invest in infrastructure to serve their communities.
 - At the 2026 Agri-Pulse Ag & Food Policy Summit, Matheson spoke about how smart energy policy centered on reliability and affordability is needed to help rural communities embrace new opportunities.
 - And on a [GridPulse podcast](#), Matheson spoke about supply-chain pressures, the importance of federal financing and the cooperative business model.

Report of KIUC Charitable Foundation

To KIUC Board of Directors

4/22/2026

The Charitable Foundation Board met on 3/22/26

The following reports were received:

Treasurer report ending balance of \$128,803.40 as of March 31.

Makana Program:

- 546 registered, YTD contribution \$1,084.40

Approved applications:

- Kauai Search & Rescue - \$3,000

Golf Tournament

- Chair Kyle Cremer, Co-Vice-Chairs: Edmund Acoba & Mike Yamane

Lineman School

- Chair David Iha, committee members John Cox

Next meeting May 27, 2026, 2 p.m.

T. Phil Tacbian, President

◆ Mullin to DHS

- U.S. Sen. Markwayne Mullin, R-Okla., was sworn in as secretary of the Department of Homeland Security after being confirmed by the Senate.
 - Mullin is a co-op consumer-member who has long had a productive working relationship with electric co-ops.
 - In his role, Mullin will oversee the Federal Emergency Management Agency and the Cybersecurity and Infrastructure Security Agency, both important to cooperatives.
- NRECA CEO Jim Matheson [sent a letter](#) to Mullin congratulating him, requesting a meeting and outlining co-op priorities, including FEMA reform and ensuring that CISA continues to help co-ops defend against cyber threats.
- Previously, [Matheson urged](#) the Senate Homeland Security and Governmental Affairs Committee to support Mullin's confirmation.

◆ Cybersecurity Reminder

- The importance of proactive cybersecurity is top of mind as the war in Iran continues.
- While there are no new known threats stemming from the war, critical infrastructure continues to be a target for bad actors.
- NRECA is engaged with partners across government and industry to stay vigilant and share information.
- Co-ops should continue to exercise good cyber readiness and take actions that can help them understand threats and harden their systems. These include:
 - Assessing your cyber program against [NRECA's Co-op Cyber Goals](#).
 - Becoming a member of the [Electricity Information Sharing and Analysis Center](#).
 - Joining the [NRECA Threat Analysis Center](#).
 - Joining the [Cyber Mutual Assistance program](#).

**Kauai Island Utility Cooperative
Patronage Capital Retirement
FYE 12/31/25**

	<u>Actual</u>	<u>% of Net Margins</u>
TIER	2.17	
Net Margins [Form 7 line 29 (b)]	\$ 7,146,603	
Interest on Long Term Debt [Form 7 line 16 (b)]	\$ 6,116,003	
Patronage Capital Retirement Amount (non-estate retirement)	<u>\$ 1,030,600.00</u>	14.42%

For Informational Purposes only:

Total kWh Sold [excluding Irrigation kWh] [Form 7, Part O. Line 11	487,395,532
Patronage Capital Retirement \$ / kWh	\$ 0.0021145044
Average Annual Residential kWh @ 500 kWh / month	6,000
Average Residential Patronage Capital Retirement	<u>\$ 12.69</u>

For Indenture Covenant §13.16 Compliance Verification:

Covenant Met?

Does an event of default exist? (Yes or No)

No

Yes

As of 02/28/2026

Total Margins & Equities	\$ 147,475,577	
Less: Retained Earnings in any Subsidiary of the Company	\$ 13,223,192	
Less: Accumulated Other Comprehensive Income/(Loss)	\$ 58,406	
Adjusted Total Margins and Equities	<u>\$ 160,757,175</u>	
Total Long-Term Debt	\$ 213,173,038	
Less: Long-Term Debt of any Subsidiary included above	\$ -	
Adjusted Total Long-Term Debt	<u>\$ 213,173,038</u>	
Total Long-Term Debt and Equities	<u>\$ 373,930,212</u>	
Ratio must be ≥ 0.30	<u>0.43</u>	Yes

As of 12/31/25

Net Margins	\$ 7,146,603	
25% Maximum IF under a .30 Equity	25%	
Maximum Patronage Capital Retirement	<u>\$ 1,786,651</u>	Yes

Additional Retirement

Target Patronage Capital Retirement	\$ 3,000,000
Less: TIER > 2.0 Retirement	(1,030,600)
Less: Other FIFO Retirements (Rounded)	(297,700)
Additional Retirement	<u>\$ 1,671,700</u>

2025 Patronage Capital Retirement

April 21, 2026

Capital Credits - Basics

- Capital credits are the primary source of equity for most cooperatives.
- Allocating and retiring capital credits are two of the practices that distinguish cooperatives from other businesses.
- Adopting and implementing a capital credits policy are key responsibilities of a co-op's board of directors and management.

Capital Credits - Allocation

- To qualify for federal tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(12), a co-op must allocate capital credits to patrons each year and maintain records sufficient to reflect the equity of each member in the assets of the cooperative.
- Co-ops may allocate capital credits on a variety of bases, provided that the basis is fair and equitable to patrons, including:
 - Value (dollar amount of purchases),
 - Quantity (kilowatt-hours or other measure), or
 - Cost of service (contribution to margins).

Capital Credits - Retirement

- There are good business reasons to retire capital credits.
- It provides tangible evidence of members' ownership in the cooperative and demonstrates the difference between cooperatives and other organizations.
- Retiring capital credits is a way to ensure that each generation of members pays its own way by providing its own equity.
- Failure to retire capital credits can have a negative impact on public relations and even lead to litigation or a hostile takeover if unhappy members try to recover their investment in the cooperative.

Capital Credits - Retirement

- There are also legal reasons to retire capital credits to preserve a cooperative's status under the tax laws, but the IRS and the courts give cooperative boards considerable discretion in determining when to retire capital credits.
- The board determines whether the co-op is in a financial position to retire capital credits and, if so, the dollar amount to retire in a given year.

Capital Credits - Retirement

- That decision is influenced by a number of factors, including:
 - The co-op's financial performance,
 - Its equity management plan,
 - Rate competitiveness, and
 - Regulatory bodies.
- Other considerations include lender requirements and the views of the financial markets, both of which influence the cooperative's ability to obtain funds in the future.

Capital Credits Retirement

- Unless the bylaws or other authority specify retirement procedures, the board decides how capital credits are returned. In determining a method, the board should consider factors such as:
 - **Cooperative philosophy** – Who should provide equity to the co-op, current and newer members or longer-term and former members?
 - **Member expectations** – Do the members expect to receive a retirement every year?
 - **Demographics** – Is the membership of the co-op stable, or is the rate of turnover high?
 - **Customer classes** – Are sales predominantly to residential consumers, or are there significant sales to commercial customers?
 - **Cooperative's accounting procedures** – Can the co-op's accounting system and data service provider easily implement the method chosen?
 - **Sellout exposure** – Could failure to retire capital credits lead to internal or external pressure to sell the cooperative?

Capital Credits - Retirement

- Common retirement methods for general retirements include:
 - First-in, First-out (FIFO)
 - Percentage of total allocated capital credits
 - Last-in, First-out (LIFO)
 - Hybrid (e.g., Percentage / FIFO hybrid, FIFO / LIFO hybrid)
- While FIFO continues to be the most commonly used method, the use of hybrid approaches is increasing because they provide benefits to current customers.

Capital Credits - Retirement

- The board may decide as part of its policy to authorize special retirements of capital credits to recognize special circumstances, such as the death of a member.
- A special retirement allows the cooperative to make a payment sooner than it otherwise would.
- There is a real cost to the other members of the cooperative to retire capital credits out of sequence, but also benefit of having a majority of voting/active members with Equity.
- Discounting special retirements to reflect the time value of money provides a fair way to recognize special circumstances while continuing to treat members equitably.

KIUC's Authoritative Documents

- KIUC's Bylaws – Article VII Method of Operation-Patronage Capital
- Board Policy No. 11 – Patronage Capital Allocation and Retirement Policy
- Board Policy No. 29 – Equity Management Planning
 - KIUC's 2024 Equity Management Plan = Goal 40% Equity to Capitalization
- Hawaii Public Utility Commission (HPUC) Decision & Order (D&O)
 - Docket No. 02-0060 – Sale of KE to KIUC
 - Docket No. 2009-0050 – 2009 Rate Case
 - Docket No. 2022-0208 – 2022 Rate Case

KIUC's Bylaws - Article VII

Method of Operation-Patronage Capital

- Section 6 – Revolving Capital

When, in the sole opinion of the Board of Directors, this Association has sufficient equity so that the financial integrity of the Association will not be jeopardized, the Board of Directors may authorize the Association to, and the Association shall, retire and refund patronage capital to members and former members. The Board of Directors shall determine the amount, manner and method of the retirement and refund.

Board Policy No. 11 – Patronage Capital Allocation and Retirement Policy

■ II.C. Retirement of Patronage Capital Credits:

On an annual basis, the Board of Directors will authorize the retirement amount and method to be used for any capital credit allocations for the prior year. Such retirement amount and method will be consistent with KIUC's EMP.

Board Policy No. 11 – Patronage Capital Allocation and Retirement Policy

■ II.E. Payments to Estates:

To the extent such action does not conflict with the provisions of KIUC's Bylaws or long-term debt instruments, KIUC will pay capital credit to the estates of deceased member-owners under the following conditions:

1. The deceased member-owner must have been a natural person.
2. The deceased member-owner must have been the sole owner of the capital credits to be retired.
3. Requests for payment must be submitted in writing and accompanied by appropriate documentation as required by KIUC.
4. Capital credits issued to estates shall be discounted.
 - b. KIUC will use a discount rate to be determined annually after the issuance of its annual audit report using the Goodwin Formula previously approved by the Board by motion on May 30, 2006.

Board Policy No. 11 – Patronage Capital Allocation and Retirement Policy

■ II.E. Payments to Estates: (Continued)

5. Discounted patronage capital credits paid to estates will be for the decedent's residence only. No patronage capital credits earned on commercial meters will be paid to a deceased member-owner's estate.
6. The portion of any deceased member-owner's patronage capital account retained by KIUC after any discounted patronage capital refund is made to a deceased member-owner's estate shall become permanent capital of KIUC.
7. The Board will not approve the retirement of more than \$400,000 in patronage capital credits to the estates of deceased patrons in a given year.

Board Policy No. 29 – Equity Management Planning

■ B. Matters to be Addressed in the EMP

6. Goals for total equity to total assets.
8. Establishing a capital credit rotation program on an appropriate cycle, complying with all applicable loan requirements of the lending institutions, and subject to any binding direction from the Hawaii Public Utility Commission (HPUC).

Hawaii Public Utility Commission (HPUC) Decision & Order (D&O)

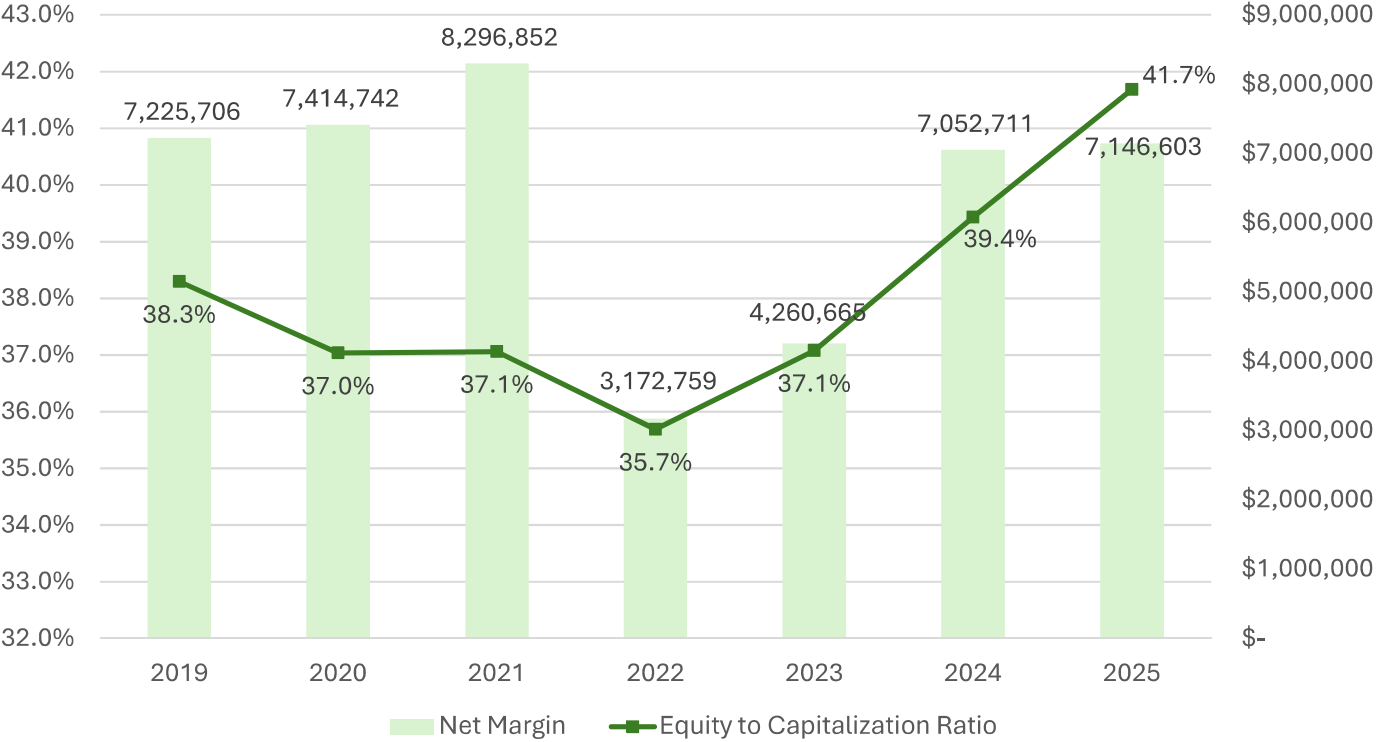
- Docket No. 02-0060 – Sale of KE to KIUC
 - On or before April 30 of each year commencing in 2004 ... payment of patronage capital cash refunds to its members in a total amount equal to twenty-five per cent (25%) of such reported prior period margin amounts.
- Docket No. 2009-0050 – 2009 Rate Case
 - On or before April 30 of each year commencing in 2011 ... payment of patronage capital cash refunds to its members in a minimum total amount equal to the amount by which KIUC has exceeded a reported RUS TIER of 2.0 for that prior reporting period.
 - This condition replaced the prior 25% standard.
- Docket No. 2022-0208 – 2022 Rate Case
 - No change made to mandatory retirement provision in Docket No. 2009-0050.

2024 Equity Management Plan

- Equity to Capitalization
 - KIUC has established a target Equity to Capitalization ratio of 40 percent.
- Liquidity of 90 Days
 - Maintaining target level of liquidity of 90 days of O&M Expenses + Interest Expense with cash and undrawn lines of credit, not including any disaster relief lines of credit.
- Capital Credit Rotation Cycle
 - Returning capital credit to Members on a target 30 year to maximum 35 year cycle.

2019-2025 History

Equity to Capitalization Ratio and Net Margin



2025 Financial Results

- Net Margin = \$7,146,603
 - Allocated to members based on amount of energy (kWh) used during the year.
- TIER = 2.17
 - Mandatory Pat Cap Retirement for TIER > 2.0 = \$1,030,600
- Equity to Assets Ratio = 37.6%
- Equity to Capitalization Ratio = 41.7%

Patronage Capital Retirement Recommendation

- Per 2024 Equity Management Plan, recommended Total Patronage Capital Retirements of \$3.0 million.
 - Mandatory Retirement due to TIER > 2.0 = \$1,030,600
 - Estate Retirements in 2025 = \$297,700

Target Retirement	\$ 3,000,000
Less: Mandatory Retirement	(1,030,600)
<u>Less: Estate Retirements</u>	<u>(297,700)</u>
Discretionary Retirement	\$ 1,671,700

- Recommended Discretionary Retirement of \$1,671,700

Impact to Equity to Capitalization Ratio

	Balance at 12/31/2025	Mandatory Retirement	Discretionary Retirement	Adjusted Balance
Total Equities	153,147,230	(1,030,600)	(1,671,700)	150,444,930
Total Capitalization	214,242,349	-	-	214,242,349
Equity to Assets Ratio	41.7%			41.3%

Including \$15,000,000 draw on RUS Loan will reduce Equity to Capitalization Ratio to 39.6%.

Patronage Capital Register

Allocation Year	Net Margin		Unretired Balance	Retirement Factor
	Allocation	Retirement Amount		
2001	\$ -	\$ -	\$ -	
2002	(573,778.00)	(162,038.52)	(411,739.48)	28.24%
2003	(6,306,129.03)	(1,778,844.88)	(4,527,284.15)	28.21%
2004	(12,594,562.50)	(3,546,154.97)	(9,048,407.53)	28.16%
2005	(11,210,889.97)	(3,136,628.33)	(8,074,261.64)	27.98%
2006	(9,117,859.90)	(2,538,824.32)	(6,579,035.58)	27.84%
2007	(11,866,030.92)	(3,281,394.73)	(8,584,636.19)	27.65%
2008	(9,553,597.00)	(2,625,765.92)	(6,927,831.08)	27.48%
2009	(5,573,757.03)	(1,531,138.65)	(4,042,618.38)	27.47%
2010	(9,956,121.86)	(1,169,401.29)	(8,786,720.57)	11.75%
2011	(9,656,872.44)	(1,229,458.15)	(8,427,414.29)	12.73%
2012	(11,090,842.86)	(2,967,332.62)	(8,123,510.24)	26.75%
2013	(9,154,055.45)	(1,596,442.63)	(7,557,612.82)	17.44%
2014	(9,448,881.38)	(2,244,623.70)	(7,204,257.68)	23.76%
2015	(5,950,881.38)	(115,860.22)	(5,835,021.16)	1.95%
2016	(6,596,916.92)	(113,249.67)	(6,483,667.25)	1.72%
2017	(8,983,909.82)	(3,342,245.24)	(5,641,664.58)	37.20%
2018	(8,432,528.46)	(2,607,627.12)	(5,824,901.34)	30.92%
2019	(7,225,705.87)	(1,302,114.04)	(5,923,591.83)	18.02%
2020	(7,414,741.90)	(1,172,901.97)	(6,241,839.93)	15.82%
2021	(8,296,852.00)	(1,775,208.13)	(6,521,643.87)	21.40%
2022	(3,172,758.96)	(16,144.46)	(3,156,614.50)	0.51%
2023	(4,260,665.40)	(13,367.45)	(4,247,297.95)	0.31%
2024	(7,052,711.55)	(671,096.70)	(6,381,614.85)	9.52%
Total Balance	\$ (183,491,050.60)	\$ (38,937,863.71)	\$ (144,553,186.89)	

Source: NISC CIS CC Daily Transaction Recap

**RESOLUTION 02-26 OF THE
BOARD OF DIRECTORS OF
KAUA‘I ISLAND UTILITY COOPERATIVE (“KIUC”)**

WHEREAS, by Decision and Order No. 19658, filed on September 17, 2002, in Docket No. 02-0060, as modified by Order Incorporating the Modification to the Annual Patronage Capital Refund Condition, filed on September 9, 2010, in Docket No. 02-0060, by Decision and Order filed on September 9, 2010, in Docket No. 2009-0050, and by Decision and Order No. 41688 filed on May 9, 2025, in Docket No. 2022-0208, the Public Utilities Commission of the State of Hawaii (“PUC”) required that on or before April 30 of each year commencing in 2011, KIUC must prepare and submit to the Rural Utilities Service of the United States Department of Agriculture (“RUS”) and the National Rural Utilities Cooperative Finance Corporation (“CFC”) a calculation of its achieved operating margin dollars for the prior reporting period, and based upon this calculation, KIUC must propose and strongly recommend to the RUS and CFC, to the extent required, for payment of patronage capital cash retirements to its members in a minimum total amount equal to the amount by which KIUC has exceeded a reported RUS TIER of 2.0 for that prior reporting period; and

WHEREAS, in Calendar Year 2025 KIUC exceeded a reported RUS TIER of 2.0 by the amount of \$1,030,600;

WHEREAS, in accordance with KIUC’s 2024 Equity Management Plan, KIUC elects to make an additional patronage capital retirement of \$1,671,700;

WHEREAS, KIUC is not required to obtain RUS or CFC approval, as KIUC’s indenture equity ratio is in excess of 30% as of the most recent fiscal quarter end; and

WHEREAS, because 1) no Event of Default exists and 2) KIUC's Indenture equity ratio is in excess of thirty percent (30%) as of the most recent fiscal quarter end, the patronage capital cash retirement is allowable under the terms of the Indenture.

NOW, THEREFORE, be it hereby resolved by the Board of Directors of KIUC as follows:

1. Patronage capital cash retirements to KIUC's members in a total amount of approximately \$2,702,300 consisting of (1) \$1,030,600 which is the amount by which KIUC exceeded a reported RUS TIER of 2.0 for the period January 1, 2025, through December 31, 2025, to be made on a Last-In First-Out methodology (the "LIFO Retirement"), and (2) \$1,671,700, which is the amount of additional patronage capital retirement to be made on a First-In First-Out methodology (the "FIFO Retirement") (collectively, the "2025 PatCap Retirement"), is hereby authorized; and
2. KIUC will make such patronage capital cash retirement to the members who generated those net margins; and
3. All 2025 PatCap Retirements shall be made to the applicable accounts, with the ten (10) members receiving the largest retirements being presented a letter detailing the amount of their retirement and thanking them for their membership.

SECRETARY'S CERTIFICATE

The undersigned Secretary of KIUC hereby certifies that the foregoing Resolution of the Board of Directors of KIUC was duly adopted at the Meeting of the Board of Directors held on April 23, 2026 at Līhu'e, Kaua'i, Hawai'i.

Dated this 23rd day of April, 2026 at Līhu'e, Kaua'i, Hawai'i.

Edmund Acoba
Secretary

KIUC POLICY NO. 31
SAFETY POLICY

PURPOSE OF POLICY:

The purpose of this policy is to guide the behavior of management and staff regarding safety.

POLICY CONTENT:

I. Commitment to Safety

KIUC is committed to the safety of its employees, members, and the general public. This commitment is supported by KIUC's Board and management. Safety at KIUC is the individual and collective responsibility of all KIUC employees.

II. Achievement of Commitment to Safety

KIUC will achieve its safety commitment through its safety program, and will strive for continued improvement by:

A. [Ensuring that a safety-first attitude and commitment is the guiding principle in decision making, operational objectives, and best practices;](#)

A.B. Educating and training to inspire a safety culture throughout KIUC and the community;

B.C. Setting and monitoring safety goals and objectives to safeguard employees, members, and the general public;

C.D. Raising safety awareness of all employees and members, and stressing personal accountability;

D.E. Following safe work practices and procedures and adhering to all KIUC safety rules; and

E.F. Developing a company-wide safety culture such that the need to complete a job efficiently never takes priority over the need to perform it safely.

III. Safety Program Implementation

Management shall be accountable for development of a company-wide safety program and for its enforcement and implementation, as well as periodic reporting to the Board.

Adopted on this 23rd -day of [April](#)~~May~~ 2023~~36~~.

Revised: [05/23/2023](#)~~04/23/2026~~

[Revised: 05/23/2023](#)

Reviewed: 03/24/2020

Reviewed: 03/20/2018

Reviewed: 03/22/2016

~~Calvin Murashige~~Edmund Acoba
Secretary

Reviewed: 04/29/2014
Original Adoption: 09/27/2011



March 25, 2026

Allan A. Smith, Chair
and KIUC Board of Directors
4663 Pahe'e Street, Suite 1
Līhu'e, Hawai'i 96766

Dear Chair Allan A. Smith and KIUC Board of Directors:

**RE: REQUESTING BOARD APPROVAL OF THE REVOLVING LOAN FUND PLAN LOAN
POLICIES AND PROCEDURES MANUAL EXHIBIT I**

This is to request your favorable approval of Exhibit I to the Revolving Loan Fund Plan Loan Policies and Procedures Manual which lists the various members of the Loan Review Committee and their designation. The Exhibit includes the addition of James Mayfield as a Loan Review Committee member representing the KIUC Board of Directors and reappoints Committee members whose terms expired or will expire in 2026 to an additional 3-year term.

Please let me know should there be any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott K. Satō".

SCOTT K. SATO
RLF Administrator

Enclosure

Exhibit 1

Loan Review Committee Members

Representation	Name	Company	Term Expires
Financial Background	Clyde Nakaya	First Hawaiian Bank	April 24, 2029
Financial Background	Sonia Topenio	Bank of Hawaii	April 24, 2028
Government	Nalani Kaauwai Brun	County of Kauai, Office of Economic Development	March 27, 2029
Non-Profit Sector	Lori Almarza	Kauai United Way	March 27, 2029
Non-Profit Sector	Robin Pratt	Hawaii Community Foundation	June 25, 2029
Community Member	Sara Miura	Déjà vu Surf	June 25, 2029
Board Member	James Mayfield	Board of Directors	Board Representative
Board Member	Teofilo "Phil" Tacbian	Board of Directors	Board Representative
Board Member	Peter Yukimura	Board of Directors	Board Representative